

Message Text

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43

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 STR-08 SS-15 NSC-10 DODE-00

PA-03 USIA-12 PRS-01 SEC-03 EUR-25 RSR-01 /169 W

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R 082324 Z JUN 73

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 6394

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E. O. 11652: N/A

TAGS: EFIN, MX

SUBJ: PROSPECTIVE RISE IN MEXICAN INTEREST RATES

1. MEXICAN PRESS JUNE 8 REPORTS ANNOUNCEMENT BY AGUSTIN LEGORRETA, PRESIDENT, BANKERS ASSOCIATION OF MEXICO, THAT MEXICO DISCUSSING INCREASE OF 1 PERCENT NET IN INTEREST RATES IN ORDER TO COMPETE WITH RISING RATES ON WORLD MONETARY MARKETS. ALSO REPORTED THAT DISCUSSIONS BEGAN JUNE 7 BETWEEN BANCO DE MEXICO (CENTRAL BANK) AUTHORITIES AND PRIVATE BANKERS IN ORDER TO ADJUST NEW INTEREST RATES TO BE PAID TO HOLDERS OF BONDS, PROMISSORY NOTES, TERM DEPOSITS, ETC.

2. COMMENT: BANCO DE MEXICO DIRECTOR CONFIRMED ABOVE REPORT TO ECONOMIC COUNSELOR AND SAID MATTER NOW BEING DISCUSSED WITH ANNOUNCEMENT EXPECTED "FAIRLY SOON". HE REFERRED TO FAST- SHRINKING DISPARITY BETWEEN RATES ON EURO- DOLLAR AND MEXICAN MARKETS AND SAID GOM CONCERNED TO MAINTAIN COMPETITIVENESS. HE ALSO REFERRED TO FISCAL REASONS, I. E., INCREASED TAX REVENUES RESULTING FROM RISE IN INTEREST RATES, AS BASIS FOR ACTION. BANCO DE MEXICO OFFICIAL SAID 1 PERCENT NET INCREASE EXPECTED WITH GROSS INCREASE SOMEWHAT HIGHER.

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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